



newsletter

The management
Newsletter for all
industries involved
with bar-code
scanning and
related
technologies.

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The test samples are a little late....

....so Bill Maginnis has postponed the Distribution Symbology Study Group meeting from November 10 to November 30. The meeting is still scheduled for St. Louis and will probably be expanded to 2 days, 11/30 and 12/1.

The samples of the various color shades of corrugated board were with the ink specialists in mid-October. They will be printed and turned over to John Mackey (MRC Corp) who is the representative to DSSG from the Automatic Identification Manufacturers group. He will distribute the samples to AIM members at their annual meeting in Puerto Rico on November 13, at which time they will review their testing methods and how they plan to assemble and submit their reports. (Are you still with me?)

The next major problem to be tackled by Maginnis and his group is printing on lighter weight board; i.e. under 200# test. There is particular concern about the 125# test board which is more widely used now than ever before (cheaper!) but whose thinner liner may cause difficulty in holding accurate printing of the bar codes. The FBA members are especially concerned about this one since it could introduce higher costs of preparation and added waste.

The DSSG seems to be mostly optimistic about the ultimate use of the Distribution Symbol, but they won't be rushed into their decisions until all significant questions are resolved. They are trying to restrict their membership size so as to be able to keep their projects and decisions more manageable. So far, they have gained the respect and attention of almost everyone concerned with shipping container symbology.

The petition filed with the Interstate Commerce Commission....

....by Computer Identics (SCAN, Oct 77) has not yet been docketed by the ICC. However, the anticipated action by the American Association of Railroads to abandon the Automatic Car Identification (ACI) system did not materialize. At their September 30 meeting, the AAR referred the matter back to committee for study and no final decision is expected for some time.

ACI had been the subject of a study by the federal Department of Transportation which stated the system was sound, but that the railroads management of the system was poor and was the source of most of the operating problems. Labels were missing from cars; labels were assembled incorrectly; labels were rusty and dirty; all of these were causing low readability. The 2 major companies

supplying scanning equipment, ACI Systems Corp. (a subsidiary of Computer Identics) and Servo Corp. of America have been able to gather support for retention of the system. Many shipping companies have been sending letters of support and congressional interest has increased with the involvement of Senator Brooke of Massachusetts.

There will be a great deal of lobbying and in-fighting before this issue is resolved. At stake is the largest investment to date in any single operating system.

One British firm has jumped into bar-code scanning....

....with both feet. Harland Data Systems has announced a new (for Europe) computerized technique of producing coded labels for supermarket shelves. This division of Harlands of Hull has purchased the exclusive European rights to the Data Document Systems software package and labelling method and is now aggressively marketing the shelf labels to supermarkets.

The service will provide a 48-hour turnaround of updated shelf labels based on information from its data bank and revisions provided by the supermarket chain. These shelf labels will contain information to identify the product, its computer number, price, unit price and a bar-code equivalent of UPC, EAN or other code system.

A typical cost package for a supermarket chain with 5000 products, 400 branches and weekly price changes for 10% of all products is about £40 (\$70) per store to originate the labels and £180 (\$320) per store per year to provide updated price labels.

One of the industry's "sleepers"....

....is now aggressively entering the marketplace as a supplier of hardware. Control Module Inc. (Enfield, Ct.), long an OEM supplier to some of the better known manufacturers of scanning equipment, is packaging their line of scanners, printers and multiplexers and organizing a marketing effort to the end users.

In a recent interview with Jim Bianco, President and sole owner of Control Module, he showed us around their schoolhouse facilities. (Bianco actually bought a 75 year old, 3 story, schoolhouse from the town of Enfield and converted it into an efficient complex of offices, labs and manufacturing plant. This is an excellent opportunity for suburban Boards of Education with declining pupil enrollments to realize some capital and get the building onto the active tax rolls. Control Module paid \$100,000 for a 26,000 square foot building -- built like a brick schoolhouse.)

Bianco is no longer interested in design contracts for others, as he has done in the past. Control Module designed and built scanners, multiplexers and computer interfaces for Ames for Hospital applications, and for Computer Identics for industrial systems. Ames and C/I are now manufacturing their own, and Control Module feels free to put its name on its products and let the world know of them. Their marketing plans are still in the formative stages and no final decision has been made as to hiring direct salesmen or working through reps.

The company's current sales volume is about \$1 million, with about 25% in

scanners. Bianco is very optimistic about the overall growth of the industry and his company's ability to capture a significant share. They now have contracts in the development and testing stages for 2 major projects; one with Bell Labs and the Western Electric system-wide scanning project; the other with the Post Office and a new system for tracking registered mail. We promised not to publish any details about either of these large projects until they mature a bit more.

Control Module is an aggressive, talented company and we expect to be hearing much more about them in the coming months.

Probably the most "valuable" scanner installation....

....is the one Computer Identics installed for the Federal Reserve Bank System in Boston. This is a new FRB building which has been automated throughout for the handling of coins and currency.

Each of their moveable containers and pallets has a large, coded (Interleaved 2 of 5), permanent label on each of its four sides. Strategically located scanners record the movement of these containers from location to location.

In addition Computer Identics has installed a portable "robot" laser scanner which automatically moves about the vaults taking inventory. This innovative device is called the Inspector and can be hooked up directly into the EDP system to transmit the data it has received.

The labels were a particular problem in design and production. Only a few (from 4 to 16) of each were needed. They were large (2"x3½"), adhesive backed, and had to be printed with dense blacks and white whites to improve the depth of scan and reduce the number of no-reads. The labels were supplied by Gerber Symbol Services (Vernon, Ct.) who first produced the encoded bars on Film Masters and then had each label printed photographically to enhance the blacks and whites. They were finally adhesive coated and die-cut to size.

Although hardware manufacturers don't usually get involved in the printed labels, it is an area that often requires more attention and can make the entire system function more smoothly.

Mandatory item pricing in Philadelphia....

....is under consideration by the City Council. A bill introduced by Councilman Charles E. Murray, Jr. would require that every pre-packaged item on the shelves of self-service retailers (with over 3-5 employees) must be pre-priced.

We spoke with the Councilman about his motivation in sponsoring such a bill, and he seemed quite knowledgeable and aware of the benefits of UPC. He is far from anti-automation; he wants the stores and the consumers to have all the benefits of front-end scanning, but insists that removing the prices from packages is dangerous. He does not believe any of these savings would be passed along to the customers.

There have been 3 public hearings so far, well attended by representatives of the supermarkets, consumer groups and government agencies. More hearings are under consideration.

The bill is still in committee hashing out some word changes and definitions, but Murray expects it to be presented to the City Council soon. The Philadelphia Inquirer has come out editorially against the bill; Herb Dennenberg, a commentator on Channel 10, is all for it.

Comment

After the furor a couple of years ago over pending legislation, there hasn't been too much effort to legislate item pricing. This was mostly due to the promise by most supermarket operators to keep prices on -- for now. The problem, of course, is that once on the books, it is very difficult to remove a restrictive law even if the evidence should prove item pricing unnecessary. The major point, it seems to us, is that the jury is not yet in, and the new phenomeon of UPC must be closely monitored to determine its possible negative or positive value vis a vis item pricing.

We will never understand why the industry, led by the Uniform Product Code Council, has not organized a better effort to educate the public. Why isn't there a designated group, with all of their facts assembled into a professional presentation, available to appear at these public hearings and before interested consumer groups? If the industry is going to continue to leave it up to random replies by the local supermarket chains, it will be an uphill battle.

SCAN would like to keep abreast of legislative developments throughout the country with regard to scanning and item pricing. It's difficult to monitor all of the states and counties that are addressing this question. We would appreciate hearing from our subscribers letting us know what is happening in their areas.

Giant Food Stores continues far ahead....

....of all other supermarket chains in their commitment to UPC. Its current 30 scanner-equipped stores represent 15% of all scanning stores in the country. Giant recently announced their intent to purchase over 700 front-end scanners to equip an additional 50 stores by November 1979. And they are all IBM! At a cost of \$250,000 per store (\$150,000 in equipment, and \$100,000 in reconstruction costs to accommodate the system), Giant leaves no doubt as to their satisfaction with the system's operations and ROI.

In our conversation with Donald Buchanan, V.P. Data Processing, he clarified some of the above data which had been somewhat exaggerated in previous reports. He indicated that a company group is actively studying the use of market data generated by UPC and on what basis they may make it available to manufacturers in the future.

Buchanan also stated that Giant is not planning to install scanners in any operational areas other than the checkouts. They operate fully automated warehouses that do not lend themselves to bar-code scanning, he says.

Comment

We did an in-depth, broad-based, intensive, scientifically sampled market study of supermarket scanning last week -- we stopped into one Giant Store in Virginia and interviewed 3 checkers and 4 customers. They were all very

enthusiastic about UPC, and the customers even went so far as to say price removal wouldn't bother them, so long as shelf markers were clear and accurate.

Without wanting to sound too naive, if you've shopped in standard supermarkets all your life, it's a refreshing change to see customers moving through the line more quickly, with fewer delays and more confidence in the accuracy of their check-out totals. We've been in scanning stores across the country from Massachusetts to California and get the same response everywhere.

The impact of UPC on applications....

....other than for supermarkets is becoming more and more significant. A large percentage of magazines are now including the symbol on their covers and the wholesalers are installing scanners to record returns and redemptions.

Recently the Recording Industry Association of America adopted a resolution to encourage the use of the UPC symbol on record jackets and ultimately on cassettes and cartridges. In order to use the code most effectively within the industry to track returns and redemptions, the RIAA recommended certain changes in the numbering system and format.

At its September 20 meeting, the UPC Code Council Board approved the use of the UPC symbol by the record industry. Record companies were invited to apply for their UPC manufacturer's numbers.

There will be some slight variations in the way in which numbers are assigned, and the formatting of the human readable digits below the bar-codes. This has been done to accommodate some of the special numbering and labelling requirements of this industry. In all other ways, however, the bar code and symbol are identical to UPC and fully compatible.

The RIAA has published an excellent description of the new system and how it is to be implemented. UPC was selected because of its widespread use today, its omnidirectionality, accuracy and flexibility. Although the use of the symbol in supermarkets could be immediate, that is a minor benefit to be derived, since record distribution through supermarkets is limited. However, the RIAA describes potential uses and benefits as ever-expanding, to include "warehouse inventorying, receiving and shipping processing, production controls, browser and shelf counting, point-of-sale checkout, returns processing, sales information, and a wide range of data manipulations triggered within computers by the capture of the code data."

For those interested in the full Guidelines for the Recording Industry write or call Stanley M. Gortikov, President, RIAA, Inc., 9200 Sunset Blvd., Suite 1005, Los Angeles, Ca. 90069 (213/278-5500).

UPC coding by drug manufacturers....

....seems to be causing a bit of confusion. It all seemed clear enough a couple of years ago when DCI agreed to assign the same numbers to drug (NDC) and health-related-item (HRI) manufacturers as were assigned by the Food and Drug Administration. The formatting of the numbers underneath was different and a Number System Character of "3" was to be shown off to the left. The

bar-coding system, however, was identical with the regular UPC symbol.

Well, the bar-coding is still the same, but the man-readable information keeps changing. Some companies have been formatting the numbers underneath just like UPC; some haven't. Some print an N in the lower left corner; some don't. And now comes the Bureau of Medical Devices, which is part of the FDA but split off from the Bureau of Drugs. They want all of the HRI designated items to have an "H" printed in the lower left corner to distinguish them from the "N" of the NDC items. Tom Kelly of this new group is aggressively promoting the use of the H and we know that at least 2 companies -- Johnson & Johnson and Becton Dickinson -- are using it.

Comment

Wisely, we think, DCI is laying back and having no part of this. So long as there is an identifiable 11-digit coded symbol that the supermarket checkout scanners can read and tie into their data bank, they are letting the NDC and HRI code users print their numbers anyway they wish. Much ado about very little!

SKAN-A-MATIC announces the V11010....

....a new 2 of 5 Bar Code Reader which offers a wide choice of optical scanners, signal conditioners and outputs. The unit can read an unlimited number of bar-coded digits and is available either as a complete code reading system, or in any combination of its components. The options include a series of hand held incandescent or LED code pens or fixed position reflective scanners. The 10-digit display unit with pen is priced at \$1565.

Also announced is the Check Mate, a read head accessory to the Skan-A-Matic UPC verifier. The Check Mate automatically scans the symbol, replacing the hand-held pen, and increases accuracy to $\pm 3\%$.

Photographic Sciences called to correct us....

....about our story of their AutoScan verifier (Oct 77). Ed Shadd, their Marketing Manager, tells us the equipment is supplied by Clark Instruments, Inc. (Monrovia, Ca.) and not RJS Enterprises.

Markem's Scanmark group has a new....

....programmable cutter/stacker that operates with the U-1230 tag and label printers. The U-1230 series can produce over 20 different scannable codes at a speed of up to 160 labels per minute.

The Material Handling Institute Inc....

....has prepared a position paper on the sensitive topic of Product Liability calling for reform of current legislation. For information write to MHI, 1326 Freeport Road, Pittsburgh, Pa. 15238.